

Heavy Vehicle Use Tax Update

WE KEEP PORTLAND MOVING.

Presentation to Portland Freight Committee - Sept. 2023



PBOT
PORTLAND BUREAU OF TRANSPORTATION

Cost Responsibility History

- Engineers estimate that a fully loaded truck causes more damage to the highway than 5,000 cars – assumption based on 80,000-pound load on 5-axles – the interstate maximum.
- In 1999, Oregonians led an effort to amend the Oregon Constitution to ensure that heavy vehicles pay their fair share for the cost of building and maintain roads in Oregon.
- Every two-years the state calculates the amounts trucks should pay based on the costs of improvements and maintenance that are based on heavy trucks – last calculation resulted in heavy vehicles paying for 39% of all transportation costs statewide.
- A consultant hired by the City of Portland identified the heavy vehicle share for Portland transportation expenditures to be 13%.

HVUT Update

- Portland established a Heavy Vehicle Use Tax (HVUT) prior to asking the public to approve our local 10-cent gas tax
- The HVUT helps ensure that there is “cost responsibility” between light and heavy vehicles

Revenue Source	Share of Revenue (cost responsibility)	\$ (millions)
Fixing Our Streets (light Vehicles)	87%	74.5
Heavy Vehicle Use Tax	13%	11*
Total		85.5

Estimates for FOS 2020-24

Fixing Our Streets Over

- Portland Fixing Our Streets Oversight Committee is the oversight committee identified by City Council to ensure program accountability by reviewing revenues, expenditures, and program project implementation
- Portland committed in advance of the annual review of HVUT projects by the Fixing Our Streets Oversight Committee to review the draft list of projects with Portland's Freight Advisory Committee and to report their recommendations the Fixing Our Streets Oversight Committee
- FOS Oversight Committee Members (16)

Modal Rep: Motor Vehicle	Modal Rep: Transit	Business Rep: 51+ Employees	Resident: Outer East Portland
Modal Rep: Freight	Transportation Expert: Paving	Business Rep: 51+ Employees	Resident: SW/NW Portland
Modal Rep: Pedestrian	Transportation Expert: Construction	Non-Profit Rep: Low Income/BIPOC	Resident: Inner East Portland
Modal Rep: Bicyclist	Business Rep: 1-50 employees	Resident: Central Portland	Resident: North Portland

How is the HVUT Calculated?

- Portland uses the Portland Business License as a way of collecting the Heavy Vehicle Use Tax
- It is estimated that the HVUT fee will generate \$11M between 2020-2023 – 13% of the combined revenue from the Gas Tax and HVUT.
- Any business that delivers goods within the City of Portland is required to pay the HVUT
 - HVUT 1 Rate (2016-2019) – 2.8% of taxpayer's Oregon Weight-Mile Tax
 - HVUT 2 Rate (2020-22) - 3% of taxpayer's Oregon Weight-Mile Tax
 - HVUT 2 Rate (2023) – 1.25% of taxpayer's Oregon Weight-Mile Tax (rate reduced since forecasted revenues were more than 10% above forecast)
- There is an appeals process for companies that can document extreme low use of city streets

Who pays and how much?

- A relatively small group of companies pay the most weight-mile taxes and therefore pay most of the HVUT
- Over the first years of the program, 83% of revenue from 100 largest accounts – the remaining 600+ companies paid an average of \$64 per month and 30% paid on average the minimum payment of \$9 per month

# of Companies	% of Companies	HVUT (Annual)	HVUT (Month)
1-20	3%	\$48,900	\$4,100
21-50	4%	\$14,100	\$1,800
51-100	7%	\$5,000	\$416
101-500	56%	\$770	\$64
501-716	30%	\$100	\$9

What projects have been funded with HVUT?

Projects Funded by HVUT 2016-2019

Heavy Vehicle Use Tax
Marine Drive Repaving (Kelly Point Park to Leadbetter) – COMPLETE
Lombard Street Repaving (near N Ramsey) – COMPLETE
Going Street Repaving (near I-5 Interchange) - COMPLETE
Greeley Operational Improvements (Going Street to I-5 Interchange) – COMPLETE
Guard Rail Replacement - COMPLETE
Bridge Column Safety - COMPLETE
MLK ITS Improvements (Tillamook to Columbia) – COMPLETE
Freight Priority Program Safety & Operations Improvements – COMPLETE

What projects have been funded with HVUT?

Projects Funded by HVUT 2016-2019

Heavy Vehicle Use Tax
N Suttle Rd (LID project) – CONSTRUCTION UNDERWAY
Cornfoot Rd: 47th to Alderwood (funded a portion of guard rail) – CONSTRUCTION SOON
NE 42nd Ave Bridge Replacement: Holman – Columbia** - CONSTRUCTION SOON
NE 33rd and Marine Dr (Planning efforts) – PLANNING COMPLETE, POTENTIAL LID
Columbia Blvd ITS, Phase 1: N Lombard St to NE 47th Ave - COMPLETE
2040 Freight Plan - COMPLETE
Total Budgeted for 2016-2019: \$8.2 million

What projects have been funded with HVUT?

Projects Funded by HVUT 2020-2023

Heavy Vehicle Use Tax
NE 42nd Ave Bridge Replacement: Holman – Columbia – CONSTRUCTION SOON
NE Cornfoot Rd Repaving: Airtrans Way to Alderwood – CONSTRUCTION SOON
N Lombard St Repaving: St Louis Ave to St Johns Ave - COMPLETE
Columbia / Lombard Wayfinding - COMPLETE
N Minnesota Ave: Killingsworth to Going (I-5 SB Ramp to Swan Island) - COMPLETE
NE Lombard & 11th RR Crossing (planning and match) –STUDY COMPLETE, LID/ODOT LEVERAGE
Cornfoot Rd Corridor Improvements Ph 2 (planning and match) – GRANT AWARDED
Columbia Blvd ITS, Phase 2: NE 47th Ave to NE Lombard St – CONSTRUCTION SOON

What projects have been funded with HVUT?

Projects Funded by HVUT 2020-2023

Heavy Vehicle Use Tax
Columbia Corridor Bridge Feasibility Studies – UNDERWAY
Central Eastside Railroad Crossing Study – GRANT AWARDED
Burgard Bridge Replacement (Local match for BIP Grant) – GRANT AWARDED
Total Budgeted for 2020-2023: : \$12.4 million (includes carry-over from 2019)

Next Round of HVUT: 2024-2027

Staff proposal for next round of HVUT in 2024-2027 is to keep the program largely the same as it has been, focusing around three core project investment categories:

- **Bridge Needs on Priority Freight Network**
 - Local Match for state and federal grants for rehabilitation/replacement projects
 - Critical repairs on damaged/restricted bridges to ensure minimal disruption to goods movement
- **Roadway Maintenance Needs on Priority Freight Network**
 - Repaving projects on major freight routes and in freight districts, with a focus on preventative maintenance that saves money in the long-term by keeping roads in good condition
 - Maintenance, repair, and replacement of traffic signal and street lighting infrastructure to ensure a state of good repair and ensure reliable and efficient freight movement
- **Operations & Safety Improvements on Priority Freight Network**
 - Low-cost, high-benefit safety and operational upgrades on major freight corridors
 - Examples include ITS projects, truck signal priority, signal timing, reflective signal-heads, signage and way-finding, truck aprons, turn lanes, turn signals, minor lane re-striping, etc.
- Roughly 1/3 split between three categories, projects consistent with 2040 Freight Plan, programmed on an annual basis with proposals taken to PFC, similar to previous two rounds of funding